



# STATE OF CONNECTICUT

## INSURANCE DEPARTMENT

FTR

### Testimony to Insurance and Real Estate Committee

February 25, 2014

#### **Raised H.B. No. 5246: AN ACT CONCERNING CHANGES TO THE BAIL BONDS STATUTES.**

Senator Crisco, Representative Megna, and members of the Insurance and Real Estate Committee, the Insurance Department thanks the Committee for raising **House Bill 5246: An Act Concerning Changes to the Bail Bonds Statutes**, at the Department's request and appreciates the opportunity to provide written testimony. Should this bill be enacted; it will mandate continuing education for bail bond agents, it will change the date remaining funds utilized for the audit of bail bond companies are swept into the General Fund from the end of the fiscal year to the end of the calendar year as it was originally intended, and it will give the Commissioner the authority to rescind a bail bond license for non-payment of his/her annual assessment.

#### **Continuing Education:**


Adding continuing education for bail bond agents will protect consumers and benefit bail bond agents. Continuing education requirements currently exist for other lines of business, most notably insurance producers. This is true not only in Connecticut, but also in other states, some of which already have continuing education requirements for bail bond agents as well. Many of the licensed bail bondsmen have never had any formal training prior to becoming licensed, and continuing education similar to what currently exists for other licensees allows bail bond agents to keep updated on industry changes and learn new business information.

#### **Sweeping of Audit Funds:**

Currently, bail bond licensees are assessed an annual fee to cover the associated costs of examinations. The fee is due by January 31<sup>st</sup> of each year; however the funds are swept into the general fund on June 30<sup>th</sup> to follow the fiscal year. This gives the Department only 6 months in which to complete the examinations. The proposed change would move the date to 12/31, thus making the sweep correspond with the calendar year and not a fiscal year. The date change allows the Department to utilize all the existing funds over the course of the year, instead of attempting to fit all the audits into a 6 months period.

#### **Rescinding Bail Bond License For Non-payment of Annual Assessment:**

Under current statute, the Department conducts examinations of licensed bail bond agents and agencies, who are assessed an annual fee to cover the associated costs. If a licensee does not pay this assessment by the due date, the Department must then proceed with administrative



sanctions in order to recover the fee owed. This process can be cumbersome and is an additional drain on Department time and resources. The proposed legislation would allow for the simple cancellation of a bail bond license if the assessment is not paid by the due date.

We strongly urge passage of House Bill 5246. The Department appreciates the opportunity to submit these comments today. Thank you.

**About the Connecticut Insurance Department:** The mission of the Connecticut Insurance Department is to protect consumers through regulation of the industry, outreach, education and advocacy. The Department recovers an average of more than \$4 million yearly on behalf of consumers and regulates the industry by ensuring carriers adhere to state insurance laws and regulations and are financially solvent to pay claims. The Department's annual budget is funded through assessments from the insurance industry. Each year, the Department returns an average of \$100 million a year to the state General Fund in license fees, premium taxes, fines and other revenue sources to support various state programs, including childhood immunization.